

State Tax Commission

Analyst: Houston

Historical Summary

OPERATING BUDGET	FY 2008 Total App	FY 2008 Actual	FY 2009 Approp	FY 2010 Request	FY 2010 Gov Rec
BY PROGRAM					
General Services	8,972,000	9,068,300	9,136,800	11,739,500	8,628,600
Audit and Collections	15,939,000	15,470,900	16,693,300	18,745,700	16,108,600
Revenue Operations	5,772,600	5,987,600	5,682,400	6,167,500	5,296,500
County Support	3,441,500	3,538,000	3,686,600	4,226,600	3,239,500
Total:	34,125,100	34,064,800	35,199,100	40,879,300	33,273,200
BY FUND CATEGORY					
General	27,471,400	27,478,300	28,403,900	33,196,600	25,994,800
Dedicated	6,653,700	6,504,700	6,795,200	7,682,700	7,278,400
Federal	0	81,800	0	0	0
Total:	34,125,100	34,064,800	35,199,100	40,879,300	33,273,200
Percent Change:		(0.2%)	3.3%	16.1%	(5.5%)
BY OBJECT OF EXPENDITURE					
Personnel Costs	24,428,400	24,229,900	25,801,900	28,701,000	24,299,500
Operating Expenditures	9,248,800	9,398,000	8,897,500	10,408,400	8,542,200
Capital Outlay	447,900	436,900	499,700	1,769,900	431,500
Total:	34,125,100	34,064,800	35,199,100	40,879,300	33,273,200
Full-Time Positions (FTP)	413.50	413.50	413.50	446.50	418.50

Division Description

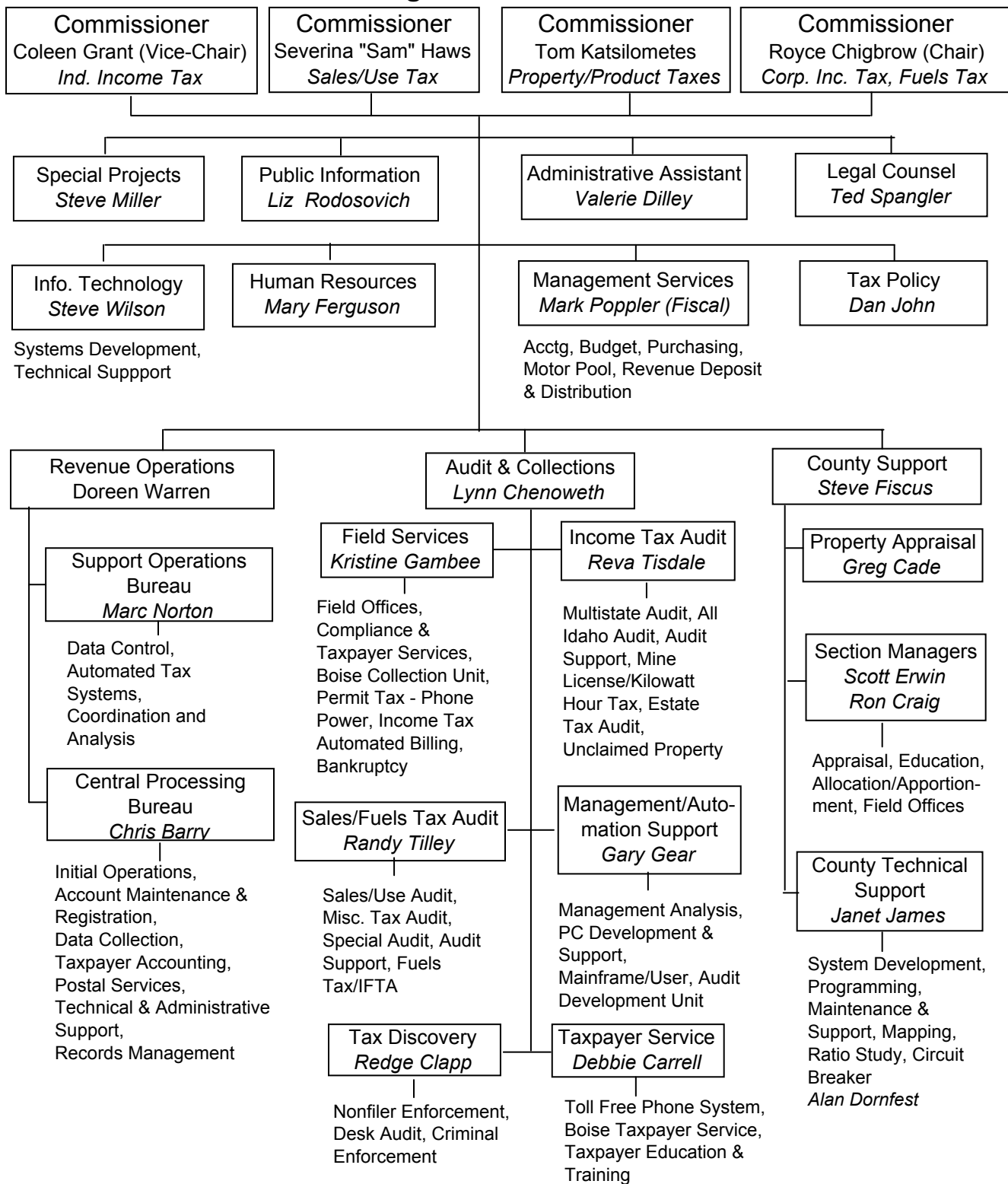
The State Tax Commission has four budgeted programs: General Services, Audit and Collections, Revenue Operations, and County Support. 1) The General Services program consists of the Commissioners, Administrative Section, Legal Section, Tax Policy Section, Information Technology Section, and the Management Services Division. This organizational structure provides for centralized management, policy development, legal, personnel, fiscal and computer services. 2) The Audit and Collections program provides direct taxpayer service to the public from the administrative office in Boise and five field office locations; collects delinquent taxes and conducts audits on virtually all tax types administered by the agency by authority of Idaho Code and the Multi-State Tax Compact; conducts discovery and enforcement efforts directed at non-filers and administers Idaho's unclaimed property statutes. 3) Revenue Operations administers the voluntary tax compliance program. Activities include: a) registering permit holders for sales, withholding, hotel/motel, special fuels, beer, wine, cigarette and tobacco taxes; b) ensuring that all individuals and licensed businesses are mailed proper tax forms for reporting; c) establishing taxpayer liability, as well as processing revenue and refund documents submitted by taxpayers; and d) maintaining a records system capable of providing individuals with tax documents. 4) The County Support Program provides oversight and technical support in the administration of the property tax system, working to ensure fair, equitable, and accurate property taxation. The program is responsible: to annually appraise all class three operating property, as required by Section 63-2215, Idaho Code; to examine property tax levies of all taxing districts to ensure compliance with Idaho Code; to develop forms, procedures and computer software necessary for county assessors to appraise property; to develop an assessor's manual in order to facilitate uniformity of appraisals; and to administer property tax relief through the Circuit Breaker program.

Tax Commission

Agency Profile

Analyst: Houston

Organizational Chart



Department of Revenue and Taxation

Analyst: Houston

Agency Profile

Sources of Funds	FY 2008 Expenditures	Percent of Total	FY 2009 Appropriation	FY 2010 Request
1. General Fund	\$27,478,300	80.7%	\$28,403,900	\$33,196,600
The General Fund consists of, "moneys received into the treasury and not specially appropriated to any other fund" (§67-1205). The fund sources are: 1) individual income tax, 2) corporate income tax, 3) sales tax, 4) cigarette tax, 5) beer tax, 6) wine tax, 7) liquor receipts, 8) kilowatt hour tax, 9) mine license tax, 10) Treasurer's interest on investments of certain idle state funds, 11) court fees and fines, 12) insurance premium tax, 13) sale of alcoholic beverage licenses, 14) unclaimed property, 15) articles of incorporation and uniform commercial code filing fees, and 16) other miscellaneous sources from various agency receipts.				
2. Multistate Tax Compact	1,787,700	5.2%	1,855,300	2,142,100
Moneys collected as direct result of audits conducted by the Multistate Tax Commission (on behalf of the state of Idaho) shall be paid by the State Tax Commission into the Multistate Tax Compact Fund. The Multistate Tax Compact was formed to determine the tax liability of multistate taxpayers, promote uniformity or compatibility in tax systems, and facilitate taxpayer convenience and compliance in the filing of tax returns and avoid duplicative taxation across states (§63-3709).				
3. Administration and Accounting Fund	253,700	0.7%	255,000	267,200
The State Tax Commission is directed to retain funds for the Commission's cost of collecting and administering the moneys of certain income tax "Check Off" trust funds. For the following trust funds the annual amount is three thousand dollars (\$3,000) or twenty percent (20%), whichever is less (§63-3067A&B(d)): 1) The Fish and Game Trust Fund (0051) and 2) The Children's Trust Fund (0483). Legislation last year created the Special Olympics Fund, and the Veterans Support Fund.				
On other taxes, the State Tax Commission is authorized to retain an amount of money equal to the cost of collecting and administering them. The amount retained can not exceed the amount authorized to be expended by appropriation by the Legislature. Those taxes are: 1) Idaho Travel and Convention Tax (0212) (§67-4718), 2) Illegal Drug Tax (0281) (§63-4209), 3) Boise Auditorium District (0630) (§67-4917C), 4) Petroleum Clean Water Trust Fund (0130) (§41-4909), and 5) Local Option Sales Tax (0630) (§63-2605).				
4. Administration Services for Transportation	3,517,100	10.3%	3,669,500	4,136,000
The State Tax Commission retains funds from gasoline tax and special fuels tax receipts equal to the cost of collecting, administering, and enforcing the gasoline tax requirements. However, the amount cannot exceed the amount authorized to be expended by the legislature (gasoline: §63-2402 and §63-2405; special fuels: §63-2416 - §63-2417).				
5. Seminars and Publications Fund	144,700	0.4%	151,200	154,800
Fees, sales of educational materials, tax regulations and printed material, fees for copies, supplies, bad check charges, postage reimbursement, sales of maps, unclaimed property lists, sales to the				
6. Abandoned Property Trust - Unclaimed	801,500	2.4%	864,200	982,600
The Unclaimed Property Fund receives money from: 1) Certain banking accounts, 2) Certain unclaimed funds that are owned and unpaid by life insurance companies for five years, 3) Certain deposits and refunds payable by utilities for more than five years, and 4) Certain investment shares, funds, and interests. The State Tax Commission is required to maintain a record of the name and last known address of each person thought to own the property. The record is to be made available for public inspection at all reasonable business hours (§14-517).				
7. Federal Grant Fund	81,800	0.2%	0	0
The Tax Commission receives intermittent grants from the federal government for project-specific				
Total	\$34,064,800	100.0%	\$35,199,100	\$40,879,300

State Tax Commission

Analyst: Houston

Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2009 Original Appropriation	413.50	28,403,900	35,199,100	413.50	28,403,900	35,199,100
1. Grocery Tax Credit Processing	0.00	302,500	302,500	0.00	208,300	208,300
Omnibus Rescission	0.00	0	0	0.00	(1,104,000)	(1,104,000)
Health Insurance Reduction	0.00	0	0	0.00	(168,100)	(206,800)
FY 2009 Total Appropriation	413.50	28,706,400	35,501,600	413.50	27,340,100	34,096,600
Expenditure Adjustments	0.00	0	0	0.00	(125,000)	(125,000)
FY 2009 Estimated Expenditures	413.50	28,706,400	35,501,600	413.50	27,215,100	33,971,600
Removal of One-Time Expenditures	0.00	(857,200)	(989,900)	0.00	(886,500)	(1,019,200)
Additional Base Adjustment	0.00	0	0	0.00	(1,053,100)	(1,053,100)
FY 2010 Base	413.50	27,849,200	34,511,700	413.50	25,275,500	31,899,300
Benefit Costs	0.00	290,600	352,100	0.00	122,500	145,300
Inflationary Adjustments	0.00	271,400	324,200	0.00	103,100	142,300
Replacement Items	0.00	1,694,400	2,213,200	0.00	0	418,000
Statewide Cost Allocation	0.00	383,300	408,400	0.00	383,300	408,400
Change in Employee Compensation	0.00	540,200	658,500	0.00	0	0
FY 2010 Program Maintenance	413.50	31,029,100	38,468,100	413.50	25,884,400	33,013,300
1. Tax Check-Off Admin Costs	0.00	0	6,000	0.00	0	6,000
2. Expand Audit and Collections Effort	30.00	1,424,800	1,652,500	4.00	44,500	178,000
3. Software Maintenance Charges	0.00	168,500	178,500	0.00	0	10,000
4. IT Systems Integration Analyst	1.00	65,900	65,900	1.00	65,900	65,900
5. Print Center Copier Lease	0.00	60,000	60,000	0.00	0	0
6. Redesign Uniform Assessment Software	2.00	323,300	323,300	0.00	0	0
7. Phase II Forestland Classification Study	0.00	125,000	125,000	0.00	0	0
FY 2010 Total	446.50	33,196,600	40,879,300	418.50	25,994,800	33,273,200
Change from Original Appropriation	33.00	4,792,700	5,680,200	5.00	(2,409,100)	(1,925,900)
% Change from Original Appropriation		16.9%	16.1%		(8.5%)	(5.5%)

State Tax Commission

Analyst: Houston

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2009 Original Appropriation	413.50	28,403,900	6,795,200	0	35,199,100
1. Grocery Tax Credit Processing					Revenue Operations
Funds are requested to allow Revenue Operations to implement HB 588 from last year's session. Last year, the Tax Commission processed 699,000 individual income tax returns (254,000 paper and 445,000 electronic). H588 allowed many additional Idahoans to file and receive the expanded grocery tax credit. The addition of approximately 82,000 returns (a 12% increase) will add an unanticipated cost of approximately \$302,500 the first year and \$248,500 each year afterwards. Ongoing personnel costs of \$208,300 (82,000 x \$2.54 per return) and ongoing operating expenditures of \$40,200 (82,000 x postage and envelopes) will pay for the costs to process the additional filings. One-time personnel costs of \$54,000 are requested for the FY 2010 startup to data-enter the surge of new taxpayers into the system. If not funded, a delay in refund processing is anticipated. The Tax Commission must pay interest on all refunds that are not processed within the later of 60 days of filing or April 15. Interest could exceed \$180,000 based on the delay of 34,400 tax returns.					
Agency Request	0.00	302,500	0	0	302,500
<i>The Governor recommends \$168,100 in personnel costs and \$40,200 in operating expenditures one-time to provide for the estimated workload increase. The ongoing need is to be evaluated for continued funding pending the number of actual returns.</i>					
Governor's Recommendation	0.00	208,300	0	0	208,300
Omnibus Rescission					
Agency Request	0.00	0	0	0	0
<i>General Fund holdbacks, as directed by Executive Orders 2008-3, and 2008-5, are incorporated as a rescission that reduces the General Fund by 4% for FY 2009.</i>					
Governor's Recommendation	0.00	(1,104,000)	0	0	(1,104,000)
Health Insurance Reduction					
Agency Request	0.00	0	0	0	0
<i>The Governor recommends reducing the funding for health insurance by \$500 per FTP, using reserves to offset the increased costs of health insurance for the state for FY 2009 and FY 2010.</i>					
Governor's Recommendation	0.00	(168,100)	(38,700)	0	(206,800)
FY 2009 Total Appropriation					
Agency Request	413.50	28,706,400	6,795,200	0	35,501,600
Governor's Recommendation	413.50	27,340,100	6,756,500	0	34,096,600
Expenditure Adjustments					
Agency Request	0.00	0	0	0	0
<i>The Governor recommends the early reversion of the first year of the Forestland Classification Study approved last session.</i>					
Governor's Recommendation	0.00	(125,000)	0	0	(125,000)
FY 2009 Estimated Expenditures					
Agency Request	413.50	28,706,400	6,795,200	0	35,501,600
Governor's Recommendation	413.50	27,215,100	6,756,500	0	33,971,600
Removal of One-Time Expenditures					
Removes \$54,000 supplemental request, \$657,400 for replacement items, \$128,500 for software maintenance, \$25,000 for vehicle leases, and \$125,000 for phase I of a forestland classification study.					
Agency Request	0.00	(857,200)	(132,700)	0	(989,900)
Governor's Recommendation	0.00	(886,500)	(132,700)	0	(1,019,200)
Additional Base Adjustment					
Agency Request	0.00	0	0	0	0
<i>The Governor recommends an ongoing base reduction to balance the state budget. This represents an additional 3.8% reduction for the State Tax Commission bringing the FY 2010 Base 8.4% below the ongoing FY 2009 General Fund Original Appropriation.</i>					
Governor's Recommendation	0.00	(1,053,100)	0	0	(1,053,100)

State Tax Commission

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2010 Base					
Agency Request	413.50	27,849,200	6,662,500	0	34,511,700
<i>Governor's Recommendation</i>	<i>413.50</i>	<i>25,275,500</i>	<i>6,623,800</i>	<i>0</i>	<i>31,899,300</i>

Benefit Costs

Provides \$900 per position, which equates to a 10.4% increase for employer-paid health insurance. Also, includes a 19% reduction in life and disability insurance rates from 1.1% to 0.9% of salary for eligible employees.

Agency Request	0.00	290,600	61,500	0	352,100
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The Governor recommends providing an increase of \$400 per FTP and making changes to the health insurance benefits contract to meet expected costs. Including the rescission to reduce health insurance benefit costs in FY 2009 by \$500 per FTP, employer costs per FTP for FY 2010 will be \$8,600.

<i>Governor's Recommendation</i>	<i>0.00</i>	<i>122,500</i>	<i>22,800</i>	<i>0</i>	<i>145,300</i>
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Inflationary Adjustments

Inflationary increases are calculated using the ongoing base for operating expenditures multiplied by agency-specific inflation factors. The largest components come from increases in travel costs, including fuel, plus increases in computer services costs. These increase 5.0% or more, while all other costs are increased at 2.0% or less. Overall, the inflationary adjustment reflects a 2% increase in the General Fund and a 2% increase in all funds. The requested amount includes \$173,300 for general inflation. This DU also includes \$150,900 for contract inflation due to \$50,000 in increases in common area costs at the main office, \$46,500 for newly built leased space in Twin Falls, and \$54,400 annual maintenance for mass appraisal software used in 23 counties.

Agency Request	0.00	271,400	52,800	0	324,200
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General inflation is provided for dedicated fund supported fuel and utility increases. The Governor recommends General Funds for the share of the common area maintenance costs at the main office in Boise, lease cost increases in Twin Falls, and lease cost increases in Coeur d'Alene. The Governor also recommends \$14,100 for additional annual maintenance to service the mass appraisal software used in 23 counties.

<i>Governor's Recommendation</i>	<i>0.00</i>	<i>103,100</i>	<i>39,200</i>	<i>0</i>	<i>142,300</i>
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Replacement Items

Replacement items include operating replacement money of \$493,800 to upgrade Optical Character Recognition (OCR) software to the current version and allow use of modern "Check 21" banking interface capabilities. Includes \$30,000 to replace security software and \$30,000 to replace IRS offset software with upgraded versions. Includes \$20,000 one-time operating expenditures to replace 100 desktop monitors at \$200 per unit. Includes \$600,000 to replace outdated and at-capacity Storage Area Network (SAN) devices with newer storage technology and the ability to more cheaply handle agency data. Includes \$60,000 to replace and upgrade inadequate phone systems in three field offices. Includes \$108,500 to replace seven of oldest and highest mileage fleet vehicles with well over 100,000 miles and at least eight years old. Includes \$500,000 for Opex mail opening and OCR scanning equipment. Includes \$298,400 to replace 157 desktop computers, 85 laptops, nine printers, six servers, and miscellaneous computer equipment. County Support items from the General Fund are \$25,000 to replace the AS400 server, \$9,200 for a Geographic Information System (GIS) server, \$5,300 for a tape autoloader, and \$3,000 for a network printer. Also requested is \$30,000 from dedicated funds paid by county attendees for laptops to support training requirements.

Agency Request	0.00	1,694,400	518,800	0	2,213,200
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The Governor recommends spending authority for three mail opening optical character recognition scanning machines and two mail opening devices. He also recommends user fees for laptops used in county support training.

<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>418,000</i>	<i>0</i>	<i>418,000</i>
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Statewide Cost Allocation

The request includes adjustments to recover the costs of services provided to state agencies: \$5,200 for Attorney General fees; \$600 for property and casualty insurance premiums; \$48,700 for State Controller fees; and \$353,900 for State Treasurer fees.

Agency Request	0.00	383,300	25,100	0	408,400
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<i>Governor's Recommendation</i>	<i>0.00</i>	<i>383,300</i>	<i>25,100</i>	<i>0</i>	<i>408,400</i>
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State Tax Commission

Analyst: Houston

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
Change in Employee Compensation					
Agencies were instructed to calculate a 3% salary increase in the appropriation request.					
Agency Request	0.00	540,200	118,300	0	658,500
<i>While increasing salaries of state workers continues to be a priority for the Governor, the current economic situation does not provide the funds to recommend an increase in FY 2010. When economic conditions improve, the Governor will once again seek to improve compensation for all state employees.</i>					
Governor's Recommendation	0.00	0	0	0	0
FY 2010 Program Maintenance					
Agency Request	413.50	31,029,100	7,439,000	0	38,468,100
Governor's Recommendation	413.50	25,884,400	7,128,900	0	33,013,300
1. Tax Check-Off Admin Costs			Revenue Operations		
Legislation last year created two new "Check-Off" accounts for Idaho taxpayers to choose on their Individual Income Tax forms. These are the Special Olympics (Section 57-623, Idaho Code) and the Veterans Support Fund (Section 65-209, Idaho Code). Section 63-3067A, Idaho Code, authorizes the Tax Commission to withhold 20% of the moneys remitted up to \$3,000 per year for administrative costs.					
Agency Request	0.00	0	6,000	0	6,000
Governor's Recommendation	0.00	0	6,000	0	6,000
2. Expand Audit and Collections Effort			General Services, Audit & Collections, Revenue Operations		
The Tax Commission requests funding to enhance the audit and collections coverage in non-filer, individual income tax, corporate income tax, sales tax, and collections units. This expansion would significantly increase audit and compliance efforts in four main areas: 1) withholding compliance at the employer and employee level, 2) income tax compliance by increasing audit presence, 3) managed sales tax audits by making six temporary positions full-time, and 4) by collecting taxes on outstanding accounts. The request includes funding to expand the Audit and Collections program by 25 FTPs to maintain adequate audit coverage of the population base which has grown about 16% in the last seven years. It also includes General Services support staff of one IT systems support technician (\$32,000 salary and \$15,000 benefits) and one tax policy analyst (\$57,000 salary and \$20,000 benefits) and for Revenue Operations, three additional technical records specialists (\$27,100 salary and \$14,000 benefits each). Estimated collections will exceed costs by five to one in the first year and a minimum of seven to one in subsequent years. The first-year estimate is a net of \$5 million additional revenue collections after expenses. Funding is 86% General Fund, 9% Multistate Tax Compact Fund, and 5% Administration Services for Transportation Fund. [\$59,600 one-time]					
Agency Request	30.00	1,424,800	227,700	0	1,652,500
<i>The Governor recommends increased one-time funding and spending authority for four new limited-service postions for the Audit and Collections program to encourage taxpayer compliance. He does not recommend increasing funding for support positions related to the audit expansion. [One-time]</i>					
Governor's Recommendation	4.00	44,500	133,500	0	178,000
3. Software Maintenance Charges			General Services		
Three software enhancement projects were approved in FY 2007 but the General Fund portion for the ongoing software maintenance was eliminated. This line-item requests ongoing software maintenance as follows: \$33,800 for tape library, \$31,100 for imaging project, and \$63,600 for network security. Also included is \$40,000 General Fund and \$10,000 from various dedicated funds for miscellaneous software projects with no inflation to cover the costs. [Ongoing]					
Agency Request	0.00	168,500	10,000	0	178,500
<i>The Governor does not recommend the General Fund portion of software maintenance costs.</i>					
Governor's Recommendation	0.00	0	10,000	0	10,000

State Tax Commission

Analyst: Houston

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
4. IT Systems Integration Analyst					General Services
This request is for one FTP and \$63,200 for an information systems integration analyst at 82% of policy (\$45,600 salary and \$17,600 benefits); \$1,500 for training, supplies, and software licenses; and \$1,200 for a laptop computer. The position will improve the department's ability to provide uninterrupted network services for the agency. [\$1,200 one-time]					
Agency Request	1.00	65,900	0	0	65,900
<i>The Governor acknowledges the importance of improving network reliability, flexibility, and security. This recommendation enables the Information Technology bureau to sharply reduce the chance of network or system downtime and lost agency productivity.</i>					
Governor's Recommendation	1.00	65,900	0	0	65,900
5. Print Center Copier Lease					General Services
The agency's production copier/printer produces tax forms, 1099 forms, brochures, training manuals, and other mass-produced publications. It is cheaper to produce these materials internally than to hire an outside vendor. Confidentiality is also better protected. The agency's six-year lease expired at the end of FY 2006 and JFAC approved the General Fund portion of the lease with one-time funding. This request would provide 86% of the ongoing lease costs of the production copier/printer to be combined with the other 14% or \$10,000 from dedicated funds approved in prior years. [Ongoing]					
Agency Request	0.00	60,000	0	0	60,000
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0
6. Redesign Uniform Assessment Software					County Support
The Tax Commission's County Support program requests funding to convert existing uniform assessment software written in 1970s AS/400 RPG to SQL/web-based personal computer format. The updated software will be mouse driven to allow users to work more quickly and efficiently. Having a state programmed and supplied software set creates uniformity, consistency, on-going stability, and saves each county from having to develop and update its own software. Two level K programmer analysts are requested at 82% of policy (\$40,400 salary and \$16,700 benefits each) plus \$31,800 for ongoing operating expenditures. One-time operating expenditures of \$174,900 are included for initial software, training, and travel costs. Capital outlay of \$2,400 is requested for two laptop computers. [\$177,300 one-time and \$146,000 ongoing]					
Agency Request	2.00	323,300	0	0	323,300
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0
7. Phase II Forestland Classification Study					County Support
Last year the Committee on Forestland Taxation Methodologies unanimously requested the Tax Commission to support a study of alternate methods of forest productivity classification of forest lands. Section 63-1705, Idaho Code, requires that forestland value be determined by the timber productivity valuation process, as provided for in the Committee on Forestland Taxation Methodologies User's Guide. JFAC funded \$125,000 last year to begin the study. In September, a representative of the Committee on Forestland Taxation Methodologies contacted the Tax Commission and asked that the contracting process be halted, the money returned to the General Fund, and the request for the second phase be canceled. [One-time]					
Agency Request	0.00	125,000	0	0	125,000
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0
FY 2010 Total					
Agency Request	446.50	33,196,600	7,682,700	0	40,879,300
Governor's Recommendation	418.50	25,994,800	7,278,400	0	33,273,200
Agency Request					
Change from Original App	33.00	4,792,700	887,500	0	5,680,200
% Change from Original App	8.0%	16.9%	13.1%		16.1%
Governor's Recommendation					
Change from Original App	5.00	(2,409,100)	483,200	0	(1,925,900)
% Change from Original App	1.2%	(8.5%)	7.1%		(5.5%)